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SUBJECT: NORTHERN NOTES - MAY 2008

THESSALONI 00000046 001.2 OF 002

Following is a summary of last month's major political and economic developments in Northern Greece:

THREE COMPANIES BID FOR PORT CARGO STATION

¶1. Three companies submitted bids for leasing the Thessaloniki Port Cargo Station, by the deadline of May 15. The three companies bidding were Cosco Pacific Limited (China), Peninsular & Oriental Steam Navigation Company (subsidiary of Dubai Ports World) and Hutchison Port Holding Limited (Hong Kong-based.) After the final bids were received, Merchant Marine Minister Voulgarakis stated that "Thessaloniki is now on its way to become a commercial hub for the Balkans and Eastern Europe." The Port Authority also welcomed the development, citing an upgraded regional role for the port as a direct consequence of the port leasing. Meanwhile, the port workers' strikes continued, occasionally resulting in fist fights between their supporters and opponents of further action. Despite the continuing labor issues, a representative of the business community and close contact of post, remained cautiously optimistic and predicted a "smooth ending" to the saga.

ZONE OF INNOVATION WILL OFFER INCENTIVES

¶2. The management of Thessaloniki's Innovation Zone is seeking government approval for a package of incentives that will help attract innovative companies to Thessaloniki. The Zone, a Greek government initiative to develop northern Greece as a regional hub for trade and investment, wants to offer potential investors up to 70% government subsidy of the investment plan and 70% subsidy of leased equipment for a period of ten years. The Zone also proposes that investments of all sizes be tax-exempt for ten years and companies participating in the Zone will have their personnel salaries subsidized up to 70%. The incentive proposals are subject to the approval of the Ministry of Economy and EC Competition Directorate. Minister of Macedonia and Thrace Margaritis Tzimas also announced that 250 acres of the military airport of Thessaloniki (SEDES) will be offered as a location for the Innovation Zone. Tzimas said that he expects the whole project to be operational in approximately four years. News about the Zone has been dominated recently by the alleged power struggle between the Zone's top two principals (Chairman Vassalos and Managing Director Arzimanoglou).

UNIVERSITY DEAN INJURED IN STUDENT PROTEST

¶3. A group of students protesting against education reforms broke up the Deans' Council meeting at Aristotle University on May 28 and pushed the rector who fell, hit his head and lost consciousness. He was subsequently hospitalized and is now in stable condition. The incident, the latest in a series of violent and destructive acts on university campuses, was widely condemned, with some nuances from leftist parties. Syriza said that the left generally disapproves of violence but added that

government handling of education reform is primarily to blame for the incident. Most members of the academic community partially blamed the government for provoking the incident through poor handling of educational reforms. Others, including the Dean of the Polytechnic School Nikos Mousiopoulos, called it "an unacceptable, criminal act." The local press has run commentaries condemning the general decline of the University. The Union of Aristotle University Employees ordered a day's work stoppage, in protest against the incident.

NON-MUSLIMS CRITICIZE APPLICATION OF SHARIA LAW IN THRACE

¶4. Thrace media continued to criticize the application of Sharia Law by Muslims in the region. Media report that even Muslim political leaders, as well as legal experts, say that Sharia Law is "unfair to women" and "a violation of human rights." In another development, the Mufti of Komotini announced that his staff have begun translating the Thrace Islamic Family Law into Greek and English and expect the work will be completed in about two months. The Mufti said the initiative was undertaken at the request of the European Union. Post's contacts have advised that the translation may be helpful to members of the ECHR, who have been very vocal in their objections to the application of Sharia Law in Thrace and may be looking for ways to tackle the issue more effectively.

U.S. INTEREST IN ROMA PERCEIVED AS "CONSPIRACY"

¶5. In an important development for the entire Roma community, the Cultural Association of Roma Women of Drosero, Xanthi, published the first-ever Thrace newspaper that focuses on challenges facing the Roma community and presents possible solutions. The newspaper will be published in Romani, Greek and English. The Roma Cultural Association was among seven NGOs that received awards from the President of the Republic in November, 2007 for community service. Meanwhile, Thrace bi-weekly

THESSALONI 00000046 002.2 OF 002

"Antifonitis" has interpreted U.S. government interest in Roma issues as part of a Europe-wide strategy to establish an independent Roma state. The paper likely was referring to, among other activities, Consulate General Thessaloniki's conference for International Roma Day.

EDUCATION MINISTER FORESEES "MODERN MINORITY EDUCATION"

¶6. Minister of Education Euripidis Stilianidis told educators in Komotini, Thrace on May 15 that the Ministry's "strategy for education" will be announced in Thrace in the middle of June. According to the Minister, it will include a "modern minority education," providing, among others things, an increase in the number of kindergartens to cover the needs of the Muslim community. Stilianidis said that he chose Komotini in Thrace as the location for the announcement, so that members of the minority can contribute to the discussion. In outlining his vision for Thrace, he said that he would like to see it become the Educational Center for the greater area.

ILLEGAL IMMIGRATION

¶7. In ten different incidents, a total of 62 illegal immigrants and 13 traffickers were arrested in Northern Greece. All of them had entered the country via the Greek-Turkish border. Among the illegal immigrants whose nationality was reported (11), all were all from Iraq.

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